



U.S. Department of Justice

*United States Attorney
Northern District of Illinois
Western Division*

*Scott A. Verseman
Assistant U.S. Attorney*

*308 West State Street - Room 300
Rockford, Illinois 61101*

*PH: (815) 987-4444
FAX: (815) 987-4236*

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ROCKFORD REAL ESTATE AGENT SENTENCED TO 20 MONTHS IN FEDERAL PRISON FOR MORTGAGE FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; and BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”), today made the following announcement:

United States District Judge Philip G. Reinhard today sentenced **CESAR O. ARENAS**, 43, of Rockford, to 20 months in federal prison, without parole, for conspiring to defraud the United States in connection with the FHA loan program.

The FHA insured loan program is designed to assist low and moderate income families in obtaining housing by providing mortgage insurance to lenders who make home loans to these individuals. If the individuals default on their loans, HUD reimburses the lenders for any losses sustained on the loans. To be eligible to receive an FHA insured loan, a home buyer must: (1) have a valid social security number; (2) have sufficient income to meet the mortgage payments; (3) have satisfactory credit standing; and (4) invest 3% equity into the house they are purchasing.

On August 8, 2006, a thirty-five count indictment was returned by the federal grand jury in Rockford, charging Arenas and four other individuals with conspiring to defraud the United States, making material false statements in matters within the jurisdiction of a federal agency, making material false statements to cause HUD to insure loans, and mail fraud. The four other individuals charged in the indictment were: RHONDA E. TOROSSIAN, 46, of Rockford; NANCY C. RODRIGUEZ, 36, of Rockford; RAUL RAYGOZA, 37, of Rockford; and ISRAEL QUINTERO 40, of Rockford.

Cesar Arenas is employed as a real estate agent by a realty firm in Rockford. Rhonda Torossian was formerly employed as a loan officer by Prism Mortgage, located at 4960 East State Street in Rockford. In 2002, the name of Prism Mortgage was changed to RBC Mortgage Company. Prism/RBC was a mortgage lender and mortgage brokerage company. Defendant Nancy Rodriguez worked as an assistant to Torossian. Raul Raygoza and Israel Quintero formerly owned a small furniture store in Rockford known as “Friends Furniture.”

Arenas pled guilty on September 21, 2007. In pleading guilty, Arenas admitted that he conspired with the four co-defendants to cause unqualified loan applicants to receive Federal Housing Administration (“FHA”) insured loans.

In his plea agreement, Arenas admitted that he solicited Raygoza and Quintero to sign fraudulent "Verifications of Employment" forms stating that Arenas' real estate customers were employed at Friends Furniture. These fraudulent employment forms, together with false pay-stubs and false W-2s, were submitted to HUD as part of Arenas' customers applications for FHA insured loans.

Arenas also admitted in his plea agreement that he caused false credit letters to be placed in his customers' loan files and submitted to HUD. These credit letters falsely stated that Arenas' real estate customers had made regular credit payments to certain small businesses. According to the plea agreement, Arenas solicited small businesses owners, including Raygoza and Quintero, to sign these false credit letters.

In addition to the prison term, the court ordered Arenas to serve 3 years of supervised release following his release from prison. The court further ordered Arenas to pay restitution to the United States in the amount of \$355,644.85.

Torossian, Rodriguez, Raygoza, and Quintero all previously pled guilty to conspiring to defraud the United States. On May 31, 2007, Raygoza was sentenced to 5 years of probation and ordered to pay \$149,227.49 in restitution to HUD. Quintero was sentenced on November 19, 2007, to 5 years of probation and ordered to pay \$121,346.62 in restitution to HUD. On December 17, 2007, Torossian was sentenced to 20 months in prison and ordered to pay \$476,257.71 in restitution to HUD.

Rodriguez is scheduled to be sentenced on December 21, 2007, at 10:00 a.m. The conspiracy charge carries a maximum sentence of five years of imprisonment, a fine of up to \$250,000, and restitution. Rodriguez's sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Rockford office of the FBI and the Chicago office of HUD-OIG. The case is being prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

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